

Message Text

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ORIGIN EB-07

INFO OCT-01 EUR-12 ISO-00 DODE-00 NRC-05 NSAE-00 USIA-06

TRSE-00 ERDA-05 CIAE-00 COME-00 MC-02 /038 R

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EUR/EE - ISANDERS

COM/OEA - JCOLLINS

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R 222049Z NOV 76

FM SECSTATE WASHDC

TO AMEMBASSY SOFIA

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E.O. 11652: N/A

TAGS: ESTC, BU

SUBJECT: COMPUTER FOR STATE PLANNING COMMITTEE

REF: A.SOFIA 2455; B. STATE 280160

1. REFTEL A RAISED QUESTION WHY FYI WAS INDICATED FOR
PARA 7 OF STATE REFTEL B. MAIN REASON WAS TO INFORM POST
THAT PRELIMINARY REPEAT PRELIMINARY EVALUATION SHOWED
BURROUGHS SYSTEM TO BE MORE POWERFUL THAN IBM 370/158 --
A FACTOR WE COULD NOT CONFIRM UNTIL THE ACTUAL APPLICATION
WAS RECEIVED AND REVIEWED IN COMMERCE. INFORMING THE
POST THAT THE PROSPECTS FOR APPROVAL WERE NOT GOOD, WAS FOR
POST GUIDANCE ONLY, SINCE WE DID NOT WANT THE BULGARIANS
PASSING TO BURROUGHS REPORTS ATTRIBUTED TO THE EMBASSY
THAT THE PROSPECTS WERE POOR WHEN A FULL EVALUATION IN
WASHINGTON HAD NOT BEEN COMPLETED NOR BURROUGHS INFORMED
OF THIS POINT.

2. SECTION 7C OF THE EXPORT ADMINISTRATION ACT PROHIBITS
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THE DISCLOSURE OF INFORMATION PROVIDED IN CONFIDENCE TO THE

GOVERNMENT UNDER THE ACT. NEITHER COMMERCE NOR ANY OTHER AGENCY OR OFFICER OF THE GOVERNMENT MAY REVEAL TO OUTSIDE PARTIES THE PARTICULARS OF AN EXPORT-LICENSE APPLICATION

OR OF THE USG ACTION ON IT. USG CANNOT TELL BURROUGHS THAT IBM APPLIED FOR LICENSE TO EXPORT 370/158 TO BULGARIA, NOR THAT APPLICATION WAS WITHDRAWN IN FACE OF PROBABLE DENIAL. WE WILL ADVISE BURROUGHS OF ITS PROSPECTS AFTER EVALUATION OF APPLICATION IS COMPLETE.

3. IN THE CASE OF IBM, THE FIRM WITHDREW ITS EXPORT LICENSE APPLICATION AFTER LEARNING THAT THE PROBABILITY FOR GAINING APPROVAL WAS SLIM. THIS DOES NOT PRECLUDE IBM FROM RESUBMITTING THE APPLICATION WITH REVISED PARAMETERS WHICH IT FEELS MAY STAND A BETTER CHANCE FOR LICENSING. AND IN FACT, THIS MAY BE THE CASE. IBM HAS TOLD US THAT IT ADVISED THE BULGARIANS OF ITS READINESS TO NEGOTIATE A REDUCED SYSTEM, IF AND WHEN THE BULGARIANS HAVE NO VIABLE ORDERS FOR SIMILAR SYSTEMS OUTSTANDING WITH U.S. OR FOREIGN COMPETITORS. AS LONG AS THE BULGARIANS HAVE ORDERS PENDING WITH SPERRY, BURROUGHS AND POSSIBLY FOREIGN FIRMS, IBM FOR INTERNAL REASONS CANNOT RENEGOTIATE.

4. AS WE INDICATED IN REFTEL B, THE BROADCAST METHOD USED BY THE BULGARIANS TO SEEK A COMPUTER OF THIS SIZE FROM ANY FIRM WHICH CAN GET THE NECESSARY EXPORT LICENSE (U.S. OR OTHER) IS A HIGHLY UNUSUAL METHOD FOR OBTAINING SUCH EQUIPMENT AND REVEALS LITTLE FORETHOUGHT ON THE PARTICULAR CHARACTERISTICS OF EACH SYSTEM, ITS COMPATIBILITY FOR TIE-IN WITH OTHER EXISTING SYSTEMS OR SUITABILITY FOR CORRELATION WITH SYSTEMS TO BE PURCHASED IN THE FUTURE.

5. ON THE QUESTION OF LOSS OF THE ORDER TO NON-US SUPPLIERS, REJECTION OF ALL THREE U.S. APPLICATIONS WOULD NOT AUTOMATICALLY GIVE CARTE BLANCHE TO FOREIGN SUPPLIERS. A SOPHISTICATED COMPUTER OF THIS TYPE, IF ORDERED FROM ANOTHER COCOM MEMBER COUNTRY, WOULD REQUIRE COCOM APPROVAL FOR LICENSING BY THE COUNTRY OF ORIGIN. IF THIS WERE LIMITED OFFICIAL USE

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THE CASE, THE US WOULD RAISE AN OBJECTION AT COCOM CITING REJECTION OF US APPLICATIONS AS THE REASON FOR OUR POSITION. KISSINGER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: STRATEGIC TRADE CONTROLS, EXPORT LICENSES, COMPUTERS
Control Number: n/a
Copy: SINGLE
Draft Date: 22 NOV 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ullricre
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976STATE286170
Document Source: CORE
Document Unique ID: 00
Drafter: AJREICHENBACH:DLB
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760435-0215
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19761125/aaaaavfu.tel
Line Count: 110
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 SOFIA 2455, 76 STATE 280160
Review Action: RELEASED, APPROVED
Review Authority: ullricre
Review Comment: n/a
Review Content Flags:
Review Date: 09 APR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <09 APR 2004 by greeneet>; APPROVED <06 AUG 2004 by ullricre>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: COMPUTER FOR STATE PLANNING COMMITTEE
TAGS: ESTC, BU
To: SOFIA
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006